Business Case
Internal Audit Management Project (IAM)

This document describes the business case for the Internal Audit Management (IAM) project as the basis to evaluate the project's feasibility and to give guidance and follow-up to the project planning and control processes.

Brief Project Description

The Bank of Investment and Economic Recovery (BIER) is a Portuguese investment bank, 51% owned by the Government and 49% owned by a consortium of private banks. BIER has 35 branches located in the continent and autonomic regions' major cities. Currently, BIER has around 550 employees.

BIER must comply with the banking regulators (the Bank of Portugal and the European Bank), particularly managing its auditing systems. This compliance is challenging, even at risk, with the current and very outdated BIER's auditing system. The current audit system is not user-friendly, difficult to maintain, and does not fulfil the regulatory requirements.

A new internal auditing system is required to overcome these compliance and usability limitations.

Business objectives

- Consistently and effectively meet regulatory reporting requirements.
- Provide recommendations to improve controls.
- Implement an effective communication system shared by the auditors and auditees.
- Provide BIER Management with timely and accurate business performance and compliance indicators.

Scope

BIER wants to achieve the above business objectives by implementing a new audit information system (IAM) with the components described below.

In addition, the project shall include the training of key users assigned by the Audit Department and a one-month Pilot, with a scope to be defined.

Internal audit

This component is based on an existing market proved framework, allowing the configuration and customisation of internal audit main steps:

- Perform auditable entities' risk assessment.
- Create audit plans.
- Prepare audits.
- Perform audits.
- Manage audit findings.

Reports and dashboards

Considering the foreseen difficulties of the project start, to specify the requirements for this component and to deal with the expected permanent requests for additional functionalities, it was decided to implement the reports and dashboards based on the Scrum process.

Integration with HR information system

IAM shall integrate with the human resources information system to capture the organisational structure (mainly the auditable entities) and employees' information.

Data migration

The complete migration of open findings from the legacy system is required.

Time

The project proposal shall be submitted for approval by the end of April.

The go-live starts with a one-month pilot, immediately after approval of acceptance tests.

The system shall be operational six months after the project plan approval, with less than 1-week tolerance.

The selected contractor shall offer a minimum warranty period of six months, starting after approval of acceptance tests.

Cost

The project has an approved budget of € 300.000, including the internal costs.

The contract with the external contractor shall be granted with a maximum final price of € 250.000 (including licenses and services).

The accepted project cost variance shall be less than 2%.

Quality

The following requirements shall be accomplished:

- Number of non-conformities during acceptance tests – not greater than 5%.
- Time for non-conformities correction – less than 24 hours.
- Training sessions evaluation – not less than 3,5 (0 to 5 scale).

The system shall comply with the following usability requirements:

- Understandable.
- Easy to learn.
- Easy to use for *BIAR's* auditors and other involved employees.

The new solution shall run either on the local infrastructure or in the cloud. When used in the cloud, the particular security management of documents, confidentiality and authorisation can be configured by parametrisation to comply with BIAR's security policy.

Main deliverables

- IAM comprises the above-listed modules.
- Requirements specification document.
- Gap analysis document.
- Technical documentation of all modules.
- Manuals and additional training materials.

Organisation Constraints

The contractor shall appoint a project manager, reporting to the IAM project manager, a senior internal audit consultant and a scrum master. The contractor shall prepare a project team with adequate competencies and is accountable for team members' performance.

BIER project team will be organised as defined below:

- BIER Administration nominates as the Project Sponsor: The Head of Audit Department.
- The CIO will appoint:
  - The Project Manager
  - One IT coordinator, responsible for the integration with HR information system, managing a team with: One junior programmer; One infrastructures specialist
- HR Director will appoint: One HR specialist.
- The Project Sponsor will appoint: The Product Owner (the Chief Auditor) that shall manage the K-users team with five internal auditors.

General Technical Requirements

Quality Requirements

The system shall meet the following requirements:

- Ability to handle a minimum of 1,000 concurrent accesses with the following response times:
  - Transaction queries - faster than 5 seconds.
  - Input/update transactions - faster than 15 seconds.
- Full documents traceability and recovery capability.
- Maintainability:
  - Traceability
  - Changeability
  - Stability
  - Testability
- Security
  - Access security control
  - Incremental backup
  - Recovery of transactions

Other Constraints

The contractor shall make available three cloud environments:

- Development environment
- Quality environment, for tests and training purposes
- Production environment.

Note that pilot shall be performed in the production environment, and findings shall be migrated to the production environments in 2 different moments:

- Migrate finding for the pilot
- Migrate all open findings after for the pilot and before "go live" for all end users

Location

All project development activities not requiring interaction with BIER personnel should be performed at the contractor's office.

All interactions with BIER will be through the headquarter, in Lisbon. K-users training shall be delivered in Lisbon.